

Message Text

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61

ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 L-03 AGR-20 STR-08 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 LAB-06 NSAE-00

NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20 TAR-02

TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01 /156 R

DRAFTED BY EB/OT/STA:LICOHEN:JH

APPROVED BY EB/OT/ITP:MGLITMAN

EB/OT/STA:EWKEMPE

EA/ROC:JMOYLE (DRAFT)

EA/K:HNEWSOM (DRAFT)

L/EB:DBURNS (SUBS)

AGR:RMMCCONELL (SUBS)

STR:AGARLAND (SUBS)

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P 262129Z OCT 73

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI PRIORITY

AMEMBASSY SEOUL PRIORITY

C O N F I D E N T I A L STATE 211898

E.O. 11652:

TAGS: ETRD, TS, KS

SUBJECT: MUSHROOMS

REF: A. TAIPEI 5471 B. SEOUL 6099

1. Y.T. WONG, DIRECTOR OF THE BOARD OF FOREIGN TRADE, MET ASSISTANT SECRETARY ARMSTRONG AND OTHER DEPTOFFS OCT. 23 TO DISCUSS THE QUESTION OF MUSHROOM RESTRAINTS.

2. WONG MADE THE FOLLOWING POINTS:

A. THE ROC IS AWARE OF THE DOMESTIC POLITICAL BASIS FOR THE U.S. POSITION AND IS PREPARED TO COOPERATE IN EFFORTS TO RESOLVE THE PROBLEM.

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B. THE ROC CAN LIVE WITH EITHER A VOLUNTARY OR MANDATORY ARRANGEMENT AS LONG AS ITS SHARE OF THE U.S. MARKET IS MAINTAINED.

C. THE ROC WANTS WRITTEN ASSURANCES THAT NO EXISTING OR NEW EXPORTERS WILL BE PERMITTED TO INCREASE THEIR SHIPMENTS AT ITS EXPENSE DURING PERIOD COVERED BY U.S. SUGGESTIONS.

D. IN THE FACE OF DOMESTIC PRESSURES, THE ROC WOULD FEEL MORE COMFORTABLE IF THE DISCUSSIONS WERE HELD IN THE U.S. OR FAILING THAT, ELSEWHERE IN THE FAR EAST.

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HOWEVER, WONG DID NOT RULE OUT TAIPEI AS AN ACCEPTABLE VENUE.

E. ROK PARTICIPATION IS ESSENTIAL TO ANY ARRANGEMENT. WONG BELIEVES THAT THE KOREANS WILL ULTIMATELY ACQUIESCE. HOWEVER THEY ARE LIKELY TO DO EVERYTHING POSSIBLE TO DRAW OUT ANY DISCUSSIONS SO AS TO GIVE THE APPEARANCE OF OPPOSING EXPORT RESTRAINTS TO THE LAST POSSIBLE MOMENT.

F. THE ROC WAS INTERESTED IN THE U.S. TIMETABLE FOR THE CONCLUSION OF THE ARRANGEMENT AND WAS PREPARED TO ENTER INTO BILATERAL NEGOTIATIONS WITH US EVEN BEFORE THE KOREANS HAD AGREED TO DISCUSS THE U.S. PROPOSAL. (WONG DID NOT REPEAT NOT MENTION TRILATERAL NEGOTIATIONS AND ACCEPTED WITHOUT COMMENT OUR FREQUENT REFERENCES TO "BILATERAL" TALKS.)

3. WE TOLD WONG THAT WE APPRECIATED HIS COMING TO WASHINGTON AND HIS WILLINGNESS TO COOPERATE WITH US IN FINDING A SOLUTION TO THIS PROBLEM AND RESPONDED TO HIS POINTS AS FOLLOWS:

A. WHILE SYMPATHETIC TO WONG'S DOMESTIC POSITION, WE CONTINUE TO BELIEVE THAT TAIPEI IS THE BEST PLACE FOR THE DISCUSSIONS. WE POINTED OUT THE DRAWBACKS INHERENT IN OTHER VENUES AND EXPRESSED THE HOPE THAT THE ROC WOULD ACCEPT DISCUSSIONS IN TAIPEI.

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B. GIVEN THE UNDERSTANDABLE ROC CONCERN ABOUT NEW EXPORTERS, WE EXPLAINED THAT THE SAME DOMESTIC PRESSURES DIRECTED AT ROC AND ROK EXPORTS WOULD BE QUICKLY SHIFTED TO ANY NEW SUPPLIER WHICH TRIED TO INCREASE SHARPLY ITS EXPORTS TO THE U.S. INDEED ROC PARTICIPATION IN OUR PROPOSED ARRANGEMENT WOULD PLACE THEM IN A BETTER POSITION TO MEET NEW SUPPLIER CHALLENGES THAN A COMPLETELY OPEN SITUATION AS IT RECENTLY EXPERIENCED IN CANADA. MOREOVER, WE NOTED THE PRC (WONG'S MAIN CONCERN IN THIS CONNECTION) NOW FACES A 60 EQUIVALENT AD VALOREM TARIFF.

C. REFERRING TO THE RECENT FDA MUSHROOM INSPECTION

PROGRAM, WE SUGGESTED THAT DOMESTIC CONSUMPTION OF CANNED MUSHROOMS WAS LIKELY TO INCREASE MORE SLOWLY THAN THE 10 ANNUAL RATEON WHICH OUR SEPTEMBER 6 PROPOSAL WAS BASED. UNDER THESE CIRCUMSTANCES, WE INDICATED THAT WE MAY HAVE TO PROPOSE A FORMULA LINKING THE GROWTH RATES ASSIGNED TO ROC AND ROK EXPORTS TO GROWTH IN DOMESTIC CONSUMPTION.

D. IN REPLY TO WONG'S QUERY ON TIMING, WE EXPLAINED THAT WE HAD BEEN AWAITING A FORMAL WRITTEN RESPONSE TO OUR DEMARCHE BEFORE PROCEEDING TO MORE CONCRETE DISCUSSIONS. HOWEVER, TIME WAS AN IMPORTANT ELEMENT AND WE SEE NO REASON WHY WE CANNOT BEGIN DISCUSSIONS BY MID NOVEMBER AT THE LATEST AND CONCLUDE THEM QUICKLY.

4. FYI: WONG WAS FRANK AND OPEN IN HIS ASSESSMENT OF THE PRESENT SITUATION AND APPARENTLY GENUINE IN HIS WILLINGNESS TO WORK TOWARD AN ACCEPTABLE RESOLUTION OF THE PROBLEM. HE LEFT THE IMPRESSION THAT AFTER APPROPRIATE BARGAINING, THE CHINESE MAY BE WILLING TO ACCEPT AN ARRANGEMENT ALONG THE LINES OF OUR SUGGESTION WITH SOME ASSURANCES THAT OTHER SUPPLIERS WILL NOT BE ALLOWED TO BENEFIT AT THEIR EXPENSE. WHILE CONSIDERING ROK PARTICIPATION TO BE INDISPENSIBLE TO ANY ARRANGEMENT, WONG SEEMED TO BELIEVE THAT THE PRESENT KOREAN INTRANSIGENCE WOULD BE TEMPORARY. HE SAID THAT THE KOREANS ARE FULLY AWARE OF ALL OF THE IMPLICATIONS OF THE U.S. POSITION
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AND WILL ULTIMATELY AGREE TO PARTICIPATE. HE THOUGHT THAT THE BEGINNING OF U.S.-ROC DISCUSSIONS WOULD HAVE THE EFFECT OF INDUCING THE KOREANS TO TAKE A SIMILAR STEP. HE SAID HE WOULD BE IN TOUCH WITH THE KOREANS TO INFORM THEN OF THE ROC'S DECISION TO ACCEPT OUR REQUEST TO BEGIN DISCUSSIONS. HE ASKED FOR A DIPLOMATIC NOTE REQUESTING A FORMAL REPLY TO OUR EARLIER DEMARCHE IN TAIPEI. THIS WOULD ACCORD THE MATTER FORMAL STATUS AND WOULD ALLOW HIM TO DEMONSTRATE TO HIS DOMESTIC INTERESTS THAT HE HAD TO BEGIN TALKS WITH THE U.S.

5. FOR TAIPEI: THE EMBASSY IS REQUESTED TO TRANSMIT A DIPLOMATIC NOTE TO THE ROC INCLUDING THE FOLLOW SUBSTANTIVE PARAGRAPH:

THE EMBASSY WISHES TO REFER TO ITS MEETING WITH DIRECTOR WONG ON SEPT. 6, 1972 AND A SUBSEQUENT CONVERSATION WITH DIRECTOR WONG IN WASHINGTON ON OCT. 23 REGARDING THE QUESTION OF EXPORTS OF CANNED MUSHROOMS TO THE U.S. IT WILL BE RECALLED THAT ON SEPTEMBER 6, THE EMBASSY PRESENTED THE ROC WITH AN AIDE-MEMOIRE FOR ITS CONSIDERATION AND REQUESTED AN EARLY RESPONSE TO THE SUGGESTION MADE THEREIN. IN ORDER THAT SUBSTANTIVE DIS-

CUSSIONS BETWEEN THE EMBASSY AND THE ROC MAY TAKE PLACE
AS SOON AS POSSIBLE, THE EMBASSY REQUESTS THAT A RESPONSE
TO THE AIDE-MEMOIRE OF SEPT. 6, 1973 BE PROVIDED AT THE
EARLIEST CONVENIENT TIME.

6. FOR SEOUL: THE EMBASSY IS REQUESTED TO PRESENT A NOTE
TO APPROPRIATE ROK OFFICIALS REFERRING TO ITS DEMARCHE

OF SEP.. 7. THE ROK SHOULD BE REQUESTED TO REPLY FORMALLY
AS SOON AS POSSIBLE IN ORDER THAT U.S.-ROK DISCUSSIONS
IN SEOUL MAY PROCEED IN PARALLEL WITH THOSE IN TAIPEI.
IN PRESENTING THIS AIDE-MEMOIRE, THE EMBASSY IS REQUESTED
TO DRAW ON THE INFORMATION IN PARAGRAPH 3 C ABOVE IN
EXPLAINING THAT THE U.S. MAY PROPOSE THAT GROWTH IN
IMPORTS BE LINKED TO GROWTH IN U.S. DOMESTIC CONSUMPTION.
THE SUBSTANCE OF OUR DISCUSSIONS WITH THE ROC, AS REPORTED
IN PARAGRAPHS 2 AND 3 ABOVE, SHOULD ALSO BE MADE KNOWN
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ORALLY TO THE ROK. KISSINGER

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Message Attributes

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